

ESTABLISHING THE HOME OWNERS LOAN CORPORATION TO KEEP MILLIONS OF AMERICAN FAMILIES IN THEIR HOMES

**HON. MARK STEVEN KIRK**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 14, 2008*

Mr. KIRK. Madam Speaker, just this morning, The New York Times posted this headline: "JPMorgan and Fed Bail Out Bear Stearns." The "subprime loan problem" is mushrooming. Unless we take action with temporary relief targeted to keep families in their homes, we risk creating a patchwork "bailout plan" that will grow beyond our ability to monitor and will be impossible to dismantle.

Despite today's headlines, the American residential mortgage market remains healthy overall. Homes worth \$20 trillion secure just over \$10 trillion in mortgages, and over 90 percent of mortgage loans payments are not in default or foreclosure. However, one sector, subprime loans, is in distress. Over 7 million homeowners closed subprime loans between 2003 and 2007. An estimated \$1.3 trillion in subprime loans are outstanding, and half of these have adjustable rates. More than 20 percent have fallen past due. Over half of pending foreclosures are the result of failed subprime loans. The worst is not over. During 2008, the interest rates paid by 1.8 million subprime borrowers with \$362 billion of adjustable rate mortgages will reset upward, sharply, and continue to rise every 6 months. Lenders have mortgage assets on their balance sheets they cannot sell at a fair price, and borrowers are wincing at the sharply higher reset interest rates they must face later this year.

In today's Washington Post, Alex Pollack, former president of the Chicago Federal Home Loan Banks and now a resident scholar at the American Enterprise Institute, reminds us of "A 1930's Rescue Lesson"—the Home Owners Loan Corporation, better known as "HOLC". This Government corporation was given the authority to purchase troubled home loans from lenders at a discount for 3 years, then liquidate when its "workout" mission was complete. HOLC's participation in the troubled 1934 mortgage market assured liquidity, restored confidence, and rescued 800,000 families from the threat of foreclosure. In 1951, HOLC completed its task, returning its initial capital contribution to the Treasury, with a profit.

I am introducing legislation to re-establish the Home Owners Loan Corporation, capitalizing it with \$25 billion that can be deployed immediately to purchase up to \$300 billion in troubled home loans. The new corporation will have the mission of fulfilling HOLC goals established in 1933, in a way that: keeps borrowers in their homes, and foreclosures to a minimum; does not bail out careless lenders or speculative investors; limits the cost to taxpayers; is temporary.

Its board of directors would include representatives from the Treasury, the Government Accountability Office, the FDIC, HUD, and the Office of Federal Housing Enterprise Oversight.

HOLC21, like its predecessor, will limit its purchases to mortgages secured by primary residences. And, like its predecessor, it will liquidate when its job is complete. This tem-

porary emergency program is meant to be a lifeline to subprime borrowers, preventing a downward spiral into recession. Its doors will not be opened to allow lenders to dump their assets on the Government without recognizing the cost of imprudent credit decisions. HOLC21 would purchase or guarantee mortgages on primary residences that are past due or in default, adjusted to a balance equal to 90 percent of a fair valuation of the collateral property as set by HOLC21. In markets that have seen property values drop, lenders will have the choice of recognizing their loss and selling a mortgage to HOLC21, or holding the loan and waiting for housing values to improve.

Alex Pollack describes HOLC as "sensible temporary actions" designed to "bridge the bust" and "be withdrawn as private market functioning returns." The private market needs temporary Federal support. Let's make sure it is temporary, efficient, and targeted to homeowners.

HONORING SARAH SPORTSMAN

**HON. SAM GRAVES**

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 14, 2008*

Mr. GRAVES. Madam Speaker, I proudly pause to recognize Sarah Sportsman of Kansas City, Missouri. Sarah is a very special young woman who has exemplified the finest qualities of citizenship and leadership by taking an active part in the Girl Scouts of America, and earning the most prestigious award of Girl Scout Gold Award.

Sarah has been very active with her troop, participating in many scout activities. In order to receive the prestigious Gold Award, Sarah has completed all seven requirements that promote community service, personal and spiritual growth, positive values and leadership skills.

Madam Speaker, I proudly ask you to join me in commending Sarah Sportsman her accomplishments with the Girl Scouts of America and for her efforts put forth in achieving the highest distinction of Girl Scouts Gold Award.

CONGRATULATING ROBERT EDINGTON FOR BEING NAMED MOBILIAN OF YEAR

**HON. JO BONNER**

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 14, 2008*

Mr. BONNER. Madam Speaker, it is with great pride and pleasure that I rise today to honor Mr. Robert Edington on the occasion of his being named Mobilian of the Year for 2007 by the Mobile Civitan Club. The Mobilian of the Year is the city's most prestigious civic honor, and Robert is most deserving of this award in recognition of over 50 years of dedicated service to the city of Mobile.

A native of Mobile, Robert Edington started his career in the Naval Reserves. He served as an Air Intelligence Officer for a Navy fighter squadron in the Korean War before retiring with the rank of commander.

Robert is an attorney and has served as a legal counselor in the Mobile area for more

than half a century. He currently serves as the director of the Mobile Bar Association Volunteer Lawyers Program, a program that provides legal services to the underprivileged.

Robert served for 8 years in the Alabama House of Representatives and 4 years as a State senator representing Mobile County. During his service in the Alabama Legislature, he played a lead role in establishing the Alabama Historical Commission as well as other historic districts in the city of Mobile. One of his greatest contributions to the city of Mobile was his leadership in the creation of the USS Alabama Battleship Commission, which brought the World War II battleship to Mobile in the 1960s. In recognition of his legislative efforts, the National Trust for Historic Preservation in Washington, D.C. presented Robert their national award.

During his tenure in the Alabama Legislature, Robert was also instrumental in the creation of the University of South Alabama, the University of South Alabama College of Medicine as well as the development of Bishop State Community College in Mobile.

Robert served two terms as chair of the USS Alabama Battleship Commission, during which time he oversaw the \$7 million restoration project following Hurricane Katrina. He served as former chair of CSS Alabama Association, an organization responsible for underwater archeological expeditions at the wreck site of the CSS Alabama off the coast of France. The artifacts recovered by these missions are now on display at the Mobile Museum of History. Robert also loaned his voice to a History Channel documentary, "Raise the Alabama."

Robert was the Consul of Guatemala at Mobile for 20 years, and in this capacity, he organized the first local trade mission to Central America. In recognition of his efforts, he was awarded the U.S. Department of Commerce Achievement Award. He also served on the National Advisory Board for the U.S. Small Business Administration for four years.

For 40 years, Robert has coordinated the U.S. Navy ships for Mobile's Mardi Gras festivities. He is an ardent supporter of Penelope House, a place of refuge for victims of domestic violence. Robert is a member of the Board of Directors of the Mobile Council of the Navy League, the Kiwanis Club of Mobile, and an active member of the National Democratic Party. He is an elder at Spring Hill Presbyterian Church and a charter member of Mobile United.

Madam Speaker, I would like to offer my personal congratulations to Mr. Robert Edington for being named the Mobilian of the Year for 2007 and in so doing, recognize him for his many outstanding professional and philanthropic accomplishments.

I ask my colleagues to join me in congratulating a dedicated professional and friend to many throughout south Alabama. I know Robert's family; his wife, Pat; his son, Sherard; his daughter, Virginia; and his many friends join me in praising his accomplishments and extending thanks for his many efforts over the years on behalf of southwest Alabama and the entire State.